

THE BUDGET MANAGEMENT ACT

Code of Alabama 1975, Sections 41-19-1 through 41-19-12

Section 41-19-1 Short title

This chapter may be cited as The Budget Management Act. (*Acts 1976, No. 494, p. 614, §1.*)

Section 41-19-2 "Agency/department" defined

For the purposes of this chapter, the term "agency/department" shall include state agencies, departments, boards, bureaus, the Legislature and institutions of the state. (*Acts 1976, No. 494, p. 614, §2.*)

Section 41-19-3. Purpose of chapter; Governor to develop and present four-year strategic plan.

It is the purpose of this chapter to establish a comprehensive system for budgeting and financial management which furthers the capacity of the Governor and the Legislature to plan and finance the services which they determine the state will provide for citizens. The system shall include procedures for all of the following:

- (1) The orderly establishment, continuing review, and periodic revision of the program and financial goals and policies of the state.
- (2) The development, coordination, and review of long-range program and financial plans that will implement established state goals and policies.
- (3) The preparation, coordination, analysis, and enactment of a budget, organized to focus on state services and their costs, that authorizes the implementation of policies and plans in the succeeding budget period.
- (4) The evaluation of alternatives to existing policies, plans, and procedures that offer potential for more efficient or effective state services.
- (5) The regular appraisal and reporting of program performance.

To this end, each Governor shall develop a four-year strategic plan for presentation to the Legislature prior to the first day of the second regular legislative session in each term of office. The plan shall include program, long-range revenue and expenditure plans for the quadrennium, improvements in the state infrastructure requiring capital outlay, and recommended steps to reduce the cost of operation of state government. In addition, the plan shall include a pilot phase of implementation for performance-based budgeting with one or more state agencies. The Joint Fiscal Committee and the Governor shall jointly select state agencies to participate in said pilot phase for the 1996-97 fiscal year. (*Acts*

1976, No. 494, p. 614, §2; Acts 1992, No. 92-185, p. 348, §2; Acts 1995, No. 95-531, p. 1076, §1.)

Section 41-19-3.1 Joint Fiscal Committee to serve in advisory capacity to Governor in development of plans.

The Joint Fiscal Committee shall serve in an advisory capacity to the Governor in the development of the long-range program, revenue and expenditure plans. The Joint Fiscal Committee shall be aided by the Legislative Fiscal Office. Members of the Joint Fiscal Committee shall be compensated as provided for in Section 29-5-2. (*Acts 1995, No. 95-531, p. 1076, §2.*)

Section 41-19-4 Responsibilities of Governor as to preparation and administration of state budget, etc., generally.

The Governor is responsible for the preparation and administration of the state budget and the evaluation of the long range program plans, requested budgets and alternatives to state agency/department policies and programs and formulation and recommendation for consideration by the Legislature of a proposed comprehensive program and financial plan which shall cover all estimated receipts and expenditures of the state government, including all grants, loans and moneys received from the federal government. Proposed expenditures shall not exceed estimated revenues and resources. (*Acts 1976, No. 494, p. 614, §3.*)

Section 41-19-5 Responsibilities of Department of Finance as to preparation of budget, etc., generally.

The Department of Finance shall:

- (1) Assist the Governor in the preparation and explanation of the proposed comprehensive program and financial plan, including the coordination and analysis of state agency/department program goals and objectives, program plans and program budget requests;
- (2) Develop procedures to produce the information needed for effective decision making;
- (3) Assist agencies/departments in preparing their statement of goals and objectives, program plans, program budget requests and reporting of program performance;
- (4) Administer its responsibilities under the program execution provisions of this chapter so that the policy decisions and budget determination of the Governor and the Legislature are implemented to the fullest extent possible within the concepts of proper management;
- (5) Provide the Legislature with budget information; and
- (6) Assist agencies/departments in the preparation of their proposals under Section 41-19-6. This assistance shall include organization of materials, provision of centrally collected

accounting, budgeting and personnel information, standards and guidelines formulation, provision of population and other required data, and any other assistance that will help the state agencies/departments produce the information necessary for efficient agency/department management and effective decision making by the Governor and the Legislature. (*Acts 1976, No. 494, p. 614, § 5.*)

Section 41-19-6 Program and financial information to be submitted to Department of Finance by agencies/departments; preparation of information by Department of Finance upon failure of agencies/departments to transmit same; compilation and submission to Governor of summary of information.

(a) Each state agency/department, on the date and in the form and content prescribed by the Department of Finance, shall prepare and forward to the Budget Officer the following program and financial information:

(1) The goals and objectives of the agency/department programs, together with proposed supplements, deletions and revisions to such programs;

(2) Its proposed plans to implement the goals and objectives, including estimates of future service needs, planned methods of administration, proposed modification of existing program services and establishment of new program services, and the estimated resources needed to carry out the proposed plan;

(3) The budget requested to carry out its proposed plans in the succeeding fiscal year. The budget request information shall include the expenditures during the last fiscal year, those estimated for the current fiscal year, those proposed for the succeeding fiscal year and any other information requested by the Department of Finance;

(4) A report of the revenues during the last fiscal year, an estimate of the revenues during the current fiscal year and an estimate for the succeeding fiscal year;

(5) A statement of legislation required to implement the proposed programs and financial plans; and

(6) An evaluation of the advantages and disadvantages of specific alternatives to existing or proposed program policies or administrative methods.

(b) The state agency/department proposals prepared under subsection (a) of this section shall describe the relationships of their programs services to those of other state agencies/departments and other branches of state government.

(c) If any state agency/department fails to transmit the program and financial information required under subsection (a) of this section on the specified date, the Department of Finance may prepare such information.

(d) The Department of Finance shall compile and submit to the Governor or the Governor-elect for any year when a new Governor has been elected, not later than

November 20, a summary of the program and financial information prepared by state agencies/departments. (*Acts 1976, No. 494, p. 614, & § 6.*)

Section 41-19-7 Formulation and presentation to Legislature and agencies/departments of Governor's proposed program and financial plan.

(a) The Governor shall formulate the program and financial plan to be recommended to the Legislature after considering each state agency's proposed program and financial plan. The Governor's plan shall include his recommended goals and policies, recommended plans to implement the goals and policies, recommended budget for the succeeding fiscal year and recommended revenue measures to balance the budget.

(b) The proposed comprehensive program and financial plan shall be presented by the Governor in a message to a joint session of the Legislature on or before the fifth legislative day of each regular session of the Legislature. The message shall be accompanied by an explanatory report which summarizes recommended goals, plans and appropriations. The explanatory report shall be furnished each member of the Legislature and each state agency/department on or before the fifth legislative day of the regular session of the Legislature. The report shall contain the following information:

(1) The coordinate program goals and objectives that the Governor recommends to guide the decisions on the proposed program plans and budget appropriations;

(2) The program and budget recommendations of the Governor for the succeeding fiscal year;

(3) A summary of state revenues in the last fiscal year, a revised estimate for the current fiscal year and an estimate for the succeeding fiscal year;

(4) A summary of expenditures during the last fiscal year, those estimated for the current fiscal year and those recommended by the Governor for the succeeding fiscal year; and

(5) Any additional information which will facilitate understanding of the Governor's proposed program and financial plan by the Legislature and the public. (*Acts 1976, No. 494, p. 614, & § 7.*)

Section 41-19-8 Responsibilities of Legislature as to consideration and adoption of program and financial plan, etc. -Generally.

The Legislature shall:

(1) Consider the program and financial plan recommended by the Governor, including proposed goals and policies, tax rate and other revenue changes and long range program plans;

(2) Adopt programs and alternatives to the plan recommended by the Governor which it deems appropriate;

(3) Adopt legislation to authorize the implementation of a comprehensive program and financial plan; and

(4) Provide for a post audit of financial transactions, program accomplishments and execution of legislative policy direction. (*Acts 1976, No. 494, p. 614, & § 4.*)

Section 41-19-9 Responsibilities of Legislature as to consideration and adoption of program and financial plan, etc. - Balancing of authorized expenditures and estimated revenues and resources.

The Legislature shall consider the Governor's proposed comprehensive program and financial plan, evaluate alternatives to the Governor's recommendations and determine the comprehensive program and financial plan to support the services to be provided the citizens of the state; provided, however, that in such determination authorized expenditures shall not exceed estimated revenues and resources. (*Acts 1976, No. 494, p. 614, & § 8.*)

Section 41-19-10 Authority of agencies/departments as to administration of programs and appropriations generally; preparation, review, approval, etc., of annual plans for operation of programs; granting of salary increases, etc., by agencies/departments; transfers or changes of appropriations; quarterly reports by Department of Finance as to operations of agencies/departments.

(a) Except as limited by policy decisions of the Governor, appropriations by the Legislature and other provisions of law, the several state agencies/departments shall have full authority for administering their program assignments and appropriations and shall be responsible for their proper management.

(b) Each state agency/department shall prepare an annual plan for the operation of each of its assigned programs. The operations plan shall be prepared in the form and content and be transmitted on the date prescribed to the Department of Finance.

(c) The Department of Finance shall:

(1) Review each operations plan to determine that it is consistent with the policy decisions of the Governor and appropriations by the Legislature, that it reflects proper planning and efficient management methods and that appropriations have been made for the planned purpose and will not be exhausted before the end of the fiscal year;

(2) Approve the operations plan if satisfied that it meets the requirements under subdivision (1) of this subsection; otherwise, the Department of Finance shall require revision of the operations plan in whole or in part; and

(3) Modify or withhold the planned expenditures at any time during the appropriation period if the Department of Finance finds that such expenditures are greater than those necessary to execute the programs at the level authorized by the Governor and the Legislature or that the revenues and resources will be insufficient to meet the authorized expenditure levels.

(d) No state agency/department may increase salaries of its employees, employ additional employees or expend money or incur any obligations except in accordance with law and with a properly approved operations plan by the Director of Finance.

(e) Appropriation transfers or changes as between objects of expenditures within a program may be made only by the Director of Finance. Appropriation transfers or changes between programs within an agency/department may be made only by the Governor and shall be reported to the Legislature quarterly. No transfers shall be made between agencies/departments except pursuant to interagency agreements executed for purposes of accomplishing objectives for which the funds involved were appropriated.

(f) The Department of Finance shall report quarterly to the Governor and the Legislature on the operations of each state agency/department, relating actual accomplishments to those planned and modifying, if necessary, the operations plan of any agency/department for the balance of the fiscal year. (*Acts 1976, No. 494, p. 614, & § 9.*)

Section 41-19-11 Submission of performance reports to Department of Finance by agencies/departments; form and contents thereof; preparation and forwarding to members of Legislature of summary of reports.

(a) Each state agency/department, shall submit a performance report to the Department of Finance on or before November 1 for the preceding fiscal year. These reports shall be in the form prescribed by the Budget Officer and shall include statements concerning:

(1) The work accomplished and the services provided in the preceding fiscal year or other meaningful work period, relating actual accomplishments to those planned under subsection (b) of Section 41-19-10;

(2) The relationship of accomplishments and services to the policy decisions and budget determinations of the Governor and the Legislature;

(3) The costs of accomplishing the work and providing the services, to the extent feasible, citing meaningful measures of program effectiveness and costs; and

(4) The administrative improvements made in the preceding year, potential improvements in future years and suggested changes in legislation or administrative procedures to make further improvements.

(b) The Finance Department shall summarize the performance reports and forward copies to each member of the Legislature annually. (*Acts 1976, No. 494, p. 614, & § 10.*)

Section 41-19-12 Preparation for presentation or presentation to legislative committee of false budget or fiscal information.

(a) Any person in state government, including elected or appointed officials, who prepares false budget or fiscal information to be presented to any legislative committee or who presents false budget or fiscal information to any legislative committee, knowing

such budget or fiscal information to be false, shall be guilty of a misdemeanor and, on conviction, shall be imprisoned in the county jail for not more than one year and may also be fined not more than \$1,000.00.

(b) In the event of a second conviction under this section, such person shall be forever ineligible to hold any position with the State of Alabama. (*Acts 1976, No. 389, p. 495.*)